

AMENDED IN SENATE JANUARY 11, 2010

AMENDED IN SENATE MAY 5, 2009

AMENDED IN SENATE APRIL 2, 2009

**SENATE BILL**

**No. 56**

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**Introduced by Senator Alquist**

January 20, 2009

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~~An act to add Section 1347 to, and to add Chapter 1.6 (commencing with Section 155) to Part 1 of Division 1 of, the Health and Safety Code, relating to health benefits. An act to add Article 2.82 (commencing with Section 14087.98) to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, relating to health plans.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 56, as amended, Alquist. ~~California Health Benefits Service Program.~~ *Health plans: joint ventures.*

*Existing law creates various health benefits programs administered by the State Department of Health Care Services. Existing law, the Knox-Keene Health Care Services Plan Act of 1975, administered by the Managed Risk Medical Insurance Board, provides for the licensure and regulation of health care service plans.*

*This bill would authorize certain county-organized health plans and various other health benefits programs to form joint ventures to create integrated networks of public health plans that pool risk and share networks or to provide for the joint or coordinated offering of health plans to individuals and groups. The bill would require all joint ventures and health care networks established pursuant to the aforementioned provisions to meet all of the requirements of the Knox-Keene Health Care Service Plan Act of 1975.*

~~Existing law creates various health benefits programs administered by the Managed Risk Medical Insurance Board and the State Department of Health Care Services.~~

~~The bill would create the California Health Benefits Service Program within the State Department of Health Care Services for the purpose of expanding cost-effective public health coverage options to the uninsured and purchasers of health insurance. The bill would require the department to perform various duties, subject to the availability of sufficient private donations, as determined by the Department of Finance, relative to creation of joint ventures between certain county-organized health plans and various other entities. The bill would require these joint ventures to be licensed as health care service plans and, subject to the availability of sufficient private donations, as determined by the Department of Finance, would create a stakeholder committee, as specified. The bill would also authorize the Director of Managed Health Care to provide regulatory and program flexibilities to facilitate licensing of specified entities providing coverage pursuant to the bill.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. (a) The Legislature finds and declares as follows:
- 2 (1) Due to the economic downturn, hundreds of thousands of
- 3 Californians are joining the ranks of the uninsured or are looking
- 4 to publicly financed programs for their health care coverage.
- 5 (2) Compared to persons with health care coverage, the
- 6 uninsured are less likely to have a regular source of care, are likely
- 7 to delay seeing a doctor, and are less likely to receive preventive
- 8 health care services.
- 9 (3) Based on recent data collected by the Kaiser Family
- 10 Foundation, health care costs continue to rise at a faster rate than
- 11 general inflation and average wage growth.
- 12 (4) President Obama ~~has~~ *and the Congress of the United States*
- 13 *have* pledged to seek the adoption of major health care reforms at
- 14 the national level, which are likely to include, at a minimum,
- 15 additional funding for states as well as increased flexibility for
- 16 states in how they administer their health care systems.

1     ~~(b) In light of these findings, it is the intent of the Legislature~~  
2     ~~to enact and implement comprehensive reforms in the state's health~~  
3     ~~care delivery system by 2012 that will accomplish all of the~~  
4     ~~following:~~

5     ~~(1) Ensure that all Californians have access to affordable, high~~  
6     ~~quality health care coverage.~~

7     ~~(2) Ensure that the responsibility for providing and paying for~~  
8     ~~health care coverage is equitably shared between employers,~~  
9     ~~individuals, and government.~~

10    ~~(3) Help contain the long-range rate of growth of health care~~  
11    ~~costs.~~

12    ~~(4) Reform insurance underwriting and rating practices by~~  
13    ~~reducing the use of medical status or conditions as criteria for the~~  
14    ~~offering or rating of individual insurance products.~~

15    ~~(5) Improve the health status of Californians and reduce health~~  
16    ~~disparities over time.~~

17    ~~(6) Ensure fair and adequate payments to health care providers~~  
18    ~~who provide services under the state's publicly funded health care~~  
19    ~~programs.~~

20    ~~(c) It is further the intent of the Legislature to enact specific~~  
21    ~~reforms by 2010 that will help provide a foundation for any~~  
22    ~~successful health care reform in California, and that will~~  
23    ~~accomplish all of the following:~~

24    ~~(1) Ensure that all children in the state have access to affordable,~~  
25    ~~high quality health care coverage.~~

26    ~~(2) Encourage greater use of electronic medical records and~~  
27    ~~other health information technology by health care providers.~~

28    ~~(3) Make comparative health care cost and quality data more~~  
29    ~~readily available to consumers and purchasers.~~

30    ~~(4) Make it easier for individuals and small employers to shop~~  
31    ~~for and compare the benefits and costs of competing health plans.~~

32    ~~(5) Allow all workers to set aside money to pay for health care~~  
33    ~~coverage on a pretax basis.~~

34    ~~(6) Begin to draw down federal funds that are available for~~  
35    ~~covering low-income adults and families.~~

36    ~~(7) Reduce the use of medical underwriting in the individual~~  
37    ~~health insurance market, cap health care service plans' and insurers'~~  
38    ~~administrative costs and profits, and establish minimum benefit~~  
39    ~~standards for health plans offered in the state.~~

~~(8) Allow health plans and employers to offer incentives for enrollees to enroll in and use preventive health care programs that will improve their health.~~

~~(9) Address health care workforce shortages and better prepare persons for careers in the health care delivery system.~~

~~(10) Facilitate the formation of public insurer entities, including through better integration of county local initiatives and organized health systems.~~

*(5) There is a continuing need for affordable health coverage options for California's uninsured population, particularly those with limited incomes and those who do not receive health coverage through their employment or the employment of a family member.*

*(6) Due to their structure and design, county local initiative health plans and county-organized health systems have the potential to offer affordable health coverage in the individual and group markets.*

*(7) Joint ventures involving local initiative health plans and county-organized health systems may be a particularly promising means of providing affordable coverage in many regions of the state.*

*(b) In light of these findings, it is the intent of the Legislature that representatives of local initiative health plans, county-organized health systems, and consumer, labor, and provider groups hold stakeholder discussions for the purposes of facilitating establishment of affordable health coverage options in the individual and group markets.*

*SEC. 2. Article 2.82 (commencing with Section 14087.98) is added to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, to read:*

*Article 2.82. Health Plan Joint Ventures*

*14087.98. (a) Health plans that are governed, owned, or operated by a county board of supervisors, a county special commission, a county-organized health system, or a county health authority that are authorized by Section 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, Article 2.8 (commencing with Section 14087.5), Article 2.81 (commencing with Section 14087.96), or Chapter 3 (commencing with Section 101675) of Part 4 of Division 101 of the Health and Safety Code, or the County*

1 *Medical Services Program, may form joint ventures to create*  
2 *integrated networks of public health plans that pool risk and share*  
3 *networks or to provide for the joint or coordinated offering of*  
4 *health plans to individuals and groups.*

5 *(b) In forming joint ventures, participating health plans shall*  
6 *seek to contract with designated public hospitals, county health*  
7 *clinics, community health centers, and other traditional safety net*  
8 *providers.*

9 *(c) All joint ventures and health care networks established*  
10 *pursuant to this section shall meet all the requirements of the*  
11 *Knox-Keene Health Care Service Plan Act of 1975 (Chapter 2.2*  
12 *(commencing with Section 1340) of Division 2 of the Health and*  
13 *Safety Code).*

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16 **All matter omitted in this version of the bill**  
17 **appears in the bill as amended in the**  
18 **Senate, May 5, 2009. (JR11)**  
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